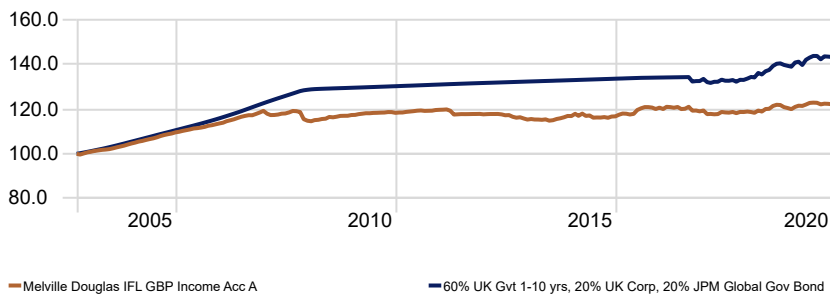


Melville Douglas Income Fund Ltd

Sterling Class

Minimum Disclosure Document as at 30 November 2020

Investment Growth***



Trailing Returns***

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years
Melville Douglas IFL GBP Income Acc A	-0.1	1.8	1.4	0.9	0.9	0.3
Melville Douglas IFL GBP Income Acc B	-0.1					
Melville Douglas IFL GBP Income Acc C	-0.1					
Melville Douglas IFL GBP Income Acc X	-0.1	2.6	2.2			
60% UK Gvt 1-10 yrs, 20% UK Corp, 20% JPM Global Gov Bond	-0.1	3.1	2.8	2.6	1.4	1.0

Risk Matrix *

	Class A	Benchmark
Information Ratio (arith)	-1.4	
Std Dev	1.8	2.4
Sharpe Ratio **	-0.2	0.0

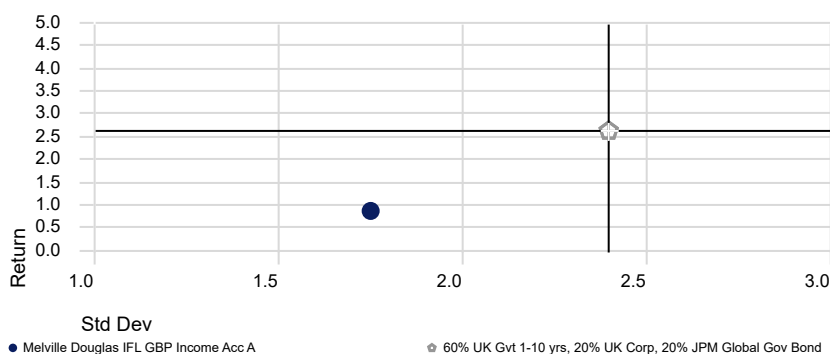
Highest & Lowest 12 Month Rolling Return

Highest 12 Month Rolling Return	5.00
Lowest 12 Month Rolling Return	-3.71

Monthly Returns***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	0.8	0.4	-0.1	0.5	0.6	0.1	-0.1	-0.6	0.3	-0.1	-0.1		
2019	-0.2	-0.3	0.9	-0.4	0.9	0.1	1.0	0.4	-0.1	-0.8	-0.3	-0.4	0.9
2018	-1.4	0.1	-0.1	0.1	0.8	-0.2	-0.1	0.3	-0.4	0.4	0.0	0.2	-0.4
2017	-0.5	0.8	-0.1	-0.2	0.3	-0.8	0.1	0.7	-1.4	0.1	-0.3	0.3	-1.0
2016	0.6	0.4	-0.1	-0.3	0.2	1.5	0.6	0.4	0.0	-0.2	-0.5	0.5	3.3
2015	0.9	-0.8	0.8	-0.9	0.2	-0.8	0.1	0.0	0.2	-0.3	0.5	0.1	-0.1

Risk-Reward *

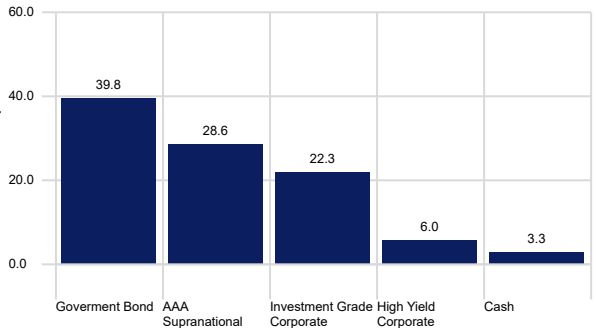


Not to be distributed outside of Jersey & South Africa

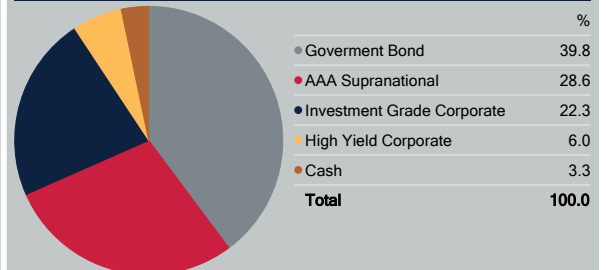
Investment Objective

To provide a return in excess of the benchmark in Sterling, whilst maintaining a high degree of capital preservation by investing in quality fixed interest securities, selected collective investment vehicles, money market instruments and cash in order to maximise investment returns in Sterling.

Security Sector



Asset Allocation



Operations

Name	Melville Douglas IFL GBP Income Acc A
Month End Price (Current Class)	GBP 121.89
Total Fund Value	GBP 13.92 Million

Fund Managers

Karl Holden
Karl specialises in global fixed income and currency markets. He is also a co-manager of the Melville Douglas Balanced Fund. Karl is a Chartered Wealth Manager, Fellow of the Chartered Institute for Securities and Investment and holds the Private Client Investment Advice and Management Certificate.

Simon Bradbury
Simon has built up extensive knowledge of global wealth management solutions, specialising in international fixed income and currency markets, and is the co-manager of the Melville Douglas Income and Enhanced Income funds. Simon is a Chartered Fellow of the Chartered Institute for Securities and Investment, and has been awarded Chartered Wealth Manager status.

Bernard Drotschle
Bernard is the Chief Investment Officer and is head of the SA fixed income strategy. He holds a B.Com (Hons) degree in Econometrics, is a CFA® Charterholder, and is a Certified Financial Planner™ professional.

Portfolio Risk

LOW

MEDIUM

HIGH

* Data is displayed over a 3 year rolling period

** Risk free rate = US Treasury T-Bill 3 Months

*** Class A since inception. Information compiled using Morningstar based on the most recent published information available to Morningstar at the end of the relevant period. This information is for illustrative purposes only. The benchmark of the fund at launch was 100% GBP Libor Overnight. This was changed on 31 August 2017 to 80% GBP Govt 1-10 years/ 20% UK Corporate Bond

Benchmark changed on the 1 May 2020 to 60% UK Gvt 1-10 yrs, 20% UK Corp, 20% JPM Global Gov Bond

Source: Morningstar Direct, Melville Douglas Investment Management

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Additional Risk Information

Where foreign securities are included in the portfolio there may be additional risks, such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, tax risks, settlement risks, interest rate and potential limitations on the availability of market information.

The risk rating seen on page 1 is designed to give an indication of the level of risk, measured by volatility, associated with this specific portfolio. In order to arrive at the specific risk rating of the portfolio in question, Melville Douglas measures the volatility of the fund, in the form of standard deviation, over a three year rolling period, and compares the result to internal risk parameters. Please note that these risk ratings are designed as a guide only.

Other Fund Facts

Manager	STANLIB Fund Managers Jersey Limited
Investment Manager	Melville Douglas Investment Management (Pty) Ltd
Custodian	Apex Financial Services (Corporate) Limited
Auditors	PwC, Ireland
Fund Directors	GS.Baillie, M.Farrow, O.Sonnichler & R Stewart
Registered Office	47-49 La Motte Street, St Helier, Jersey
Publication Date	15 December 2020
Compliance No.	L6N548

Share Class ISIN

Class A	JE00B4ZCW915
Class B	JE00BF1CX551
Class C	JE00BK987S19
Class X	JE00BF1CX668

Minimum Investment

Class A	Closed to new investments
Class B	GBP 1 500

Launch Date

Class A	25 September 2003
Class B	01 September 2017
Class C	19 September 2020
Class X	24 August 2018

Fund Costs- 12 months

Fee Class	Management Fee*	TER	TC	TIC
Class A	0.95%	1.04%	0.00%	1.06%
Class B	1.05%	1.19%	0.00%	1.21%
Class C	0.75%	0.84%	0.00%	0.87%
Class X	0.15%	0.24%	0.00%	0.27%

TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; TER + TC = TIC)

Where a transaction cost is not readily available, a reasonable best estimate has been used. TER reflected is 1 month in arrears. Estimated transaction costs may include Bond, Money Market and FX Costs (where applicable).

* Management Fee includes fee payable to Manco.

Fund Costs- 36 months

Fee Class	Management Fee*	TER	TC	TIC
Class A	0.95%	1.09%	0.00%	1.11%
Class B	1.05%	1.19%	0.00%	1.21%
Class C	0.75%	0.84%	0.00%	0.87%
Class X	0.15%	0.25%	0.00%	0.27%

TER = (Total Expense Ratio), TC = (Transaction Costs), TIC = (Total Investment Cost ; TER + TC = TIC)

Where a transaction cost is not readily available, a reasonable best estimate has been used. TER reflected is 1 month in arrears. Estimated transaction costs may include Bond, Money Market and FX Costs (where applicable).

* Management Fee includes fee payable to Manco.

Contact Details

Melville Douglas Investment Management (Pty) Ltd

8th Floor West Wing, 30 Baker Street, Rosebank, 2196. PO Box 411184, Craighall 2024, South Africa

Telephone: +27 (11) 721 7964 Fax: +27(0)86202 7235

www.melvilledouglas.co.za

Statutory Disclosure and General terms and Conditions

This document does not constitute an offer to buy or a solicitation of an offer to buy or sell shares of the Fund in any jurisdiction in which an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer of solicitation and is for information purposes only. Subscriptions will only be received and shares issued on the basis of the current prospectus and prospective investors should carefully consider the risk warnings and disclosures for the Fund set out therein. The value of shares may go down as well as up and investors may get back less cash than originally invested. Performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Past performance is not necessarily a guide to future performance. An investment in the shares of the Fund is not the same as a deposit with a banking institution. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Please refer to the prospectus for more details on the charges and expenses that may be recovered from the Fund. Shares are valued on a daily basis using 23:59 (UK Time) prices. Transaction requests received before 14h30 (UK Time) will receive the following valuation point share price. This is an accumulation portfolio and does not distribute income. Telephone calls may be recorded. Apex Financial Services (Corporate) Limited, STANLIB Fund Managers Jersey Limited and Melville Douglas Income Fund Limited are regulated by the Jersey Financial Services Commission.

Prices are calculated and published daily and are available from the Manager on request.

Performance figures are calculated for the relevant class on a NAV basis.

Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. Collective Investment Schemes are generally medium to long-term investments.

An investment management agreement exists between the Fund, the Manager and Melville Douglas Investment Management (Pty) Ltd appointing Melville Douglas Investment Management (Pty) Ltd as the sole representative for the investment management functions performed in South Africa. Melville Douglas Investment Management (Pty) Ltd is a company registered in South Africa with company number 1987/05041/07, and a subsidiary of Standard Bank Group Limited. Melville Douglas Investment Management (Pty) Ltd is licensed as a financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002). The appointed representative for the Fund in South Africa is STANLIB Collective Investments (RF) Pty Ltd.

The manager does not provide any guarantee either with respect to the capital or the return of the portfolio.

Melville Douglas Income Fund Ltd

Sterling Class



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Quarterly Commentary

Fund Review

The objective of the Class Fund is to provide a return in excess of its benchmark in Sterling, whilst seeking to maintain a high degree of capital preservation, by investing primarily in quality global fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective schemes, money market instruments and cash that will maximise total returns in Sterling.

The Fund's performance for the period was -0.38% versus the Fund's benchmark return of -0.14%.

Market Overview

In the UK, the sugar-rush from both fiscal and monetary stimulus and the easing of lockdown restrictions seems to be running out of steam. Whilst key economic data releases point to a healthy expansion, albeit from a low base, more recent indicators for both the manufacturing and the services sector are off the highs experienced in July. Looking ahead to the remainder of the year, there is no doubt that the potential for the recovery to slow, or even stall, has risen following the Government's new restrictions as Covid-19 cases rise significantly, more recently posting the highest daily count of the pandemic. The new restriction measures are not as severe compared to the previous lockdowns in March/April, they are nonetheless more broad-based than recent localised restrictions, putting further pressure on the all-important services sector, as tighter restrictions are enforced on travel and hospitality in particular. This comes at a time when the current Furlough scheme to support workers comes to an end on the 31 October, and although UK Chancellor Rishi Sunak has released details of the next labour market scheme aimed at supporting nine million jobs, it is not as generous as the current Furlough scheme.

Looking Ahead

The Monetary Policy Committee (MPC), continue to hold interest rates near zero, however there is increased speculation that the MPC may implement negative rates as one of their tools to provide further monetary stimulus. Whilst quick to down-play that negative rate policy is imminent, they continue to investigate the effective implementation of this unconventional policy. The short-end of the UK sovereign yield curve has already started to discount sub-zero rates, and currently Gilts maturing out to seven years are trading on negative yields, with two year yields touching an all-time low of -0.14% during the quarter. We are not yet convinced that the MPC will sanction negative interest rates, the lesson from Germany is that this highly unconventional policy can be very difficult to reverse and can quickly have diminishing positive effects as savers and retirees are penalised at the expense of borrowers. That said, a messy BREXIT outcome could be the final straw and as above, it appears the bond market has already made up its mind on this matter. Negative or not, we do know that zero interest rate policy (or as close as it gets) will be with us for quite some time and this is clearly reflected in the historically low levels of yield in the UK government bond market. For these reasons, the Fund remain defensively positioned with respect to duration as only marginally higher yields on longer-dated debt are not nearly enough compensation for the added risk.

The rollercoaster ride in IG and HY corporate bond spreads moderated somewhat in the third-quarter but even allowing for some recent weakness, both ended the period tighter. The recovery in these markets has been dramatic following sharp capital declines in March and spreads are edging closer to pre-COVID levels which certainly doesn't appear to make them look cheap. However, the environment for both taking risk and yield hunting remains supportive. Central bank initiatives have increased the allure of risk assets and those that can pay an income stream over and above comparable government debt are greatly benefitting as the world remains starved of yield – an environment that will be with us for some time yet.

Without doubt, there will be significant hurdles for economies in the coming quarters but for now, there remains little chance of policy mistakes (i.e. interest rates are most definitely not moving higher), central banks have and will continue to provide an abundance of liquidity and although bouncing off low bases, economic numbers continue to indicate that growth conditions are rebounding. This goldilocks environment could end very quickly if mass lockdowns are reintroduced but a better understanding of the pandemic puts the risk of this low and perhaps more importantly, central banks have clearly demonstrated that they will do 'whatever it takes'. One could argue that the global marketplace's reliance and in many respects complacency towards central bank support is possibly creating a bigger issue down the road, and this is entirely plausible. However, the past six months has clearly demonstrated the pitfalls of being too risk averse in an environment where the central bank 'has your back'. The Fund continues to hold an overweight allocation IG debt and the manager has been building on the exposure to HY debt which currently stands at approximately 5.7%.

Sterling has been fairly resilient over the quarter gaining 4% against the US dollar, although more recently has given up some ground from the September high of \$1.34. The strength through the quarter was more attributed to US Dollar weakness than broad Sterling strength, as it struggled to rise against other currencies, especially the Euro. We have commented for some time that Sterling is undervalued on a purchasing parity basis and over the long-haul, should regain some footing. However, current headwinds from the resurgence of BREXIT uncertainties, particularly with year-end deadline fast approaching and still no deal in sight, combined with heightened restrictions to control the increasing spread of COVID -19 is likely to keep volatility high elevated. The Fund remains overweight base currency and the manager believes it is still too early to exit the foreign currency exposure, held as a hedge against further Sterling weakness.

The commentary gives the views of the portfolio manager at the time of writing. Any forecasts or commentary included in this document are not guaranteed to occur.